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BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTIN K. MAYES
Commissioner
GARY PIERCE
Commissioner

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION
OF QWEST LD CORP TARIFF FILING TO
INCREASE THE MAXIMUM MONTHLY
RATES FOR AN OBSOLETE
RESIDENTIAL CALLING PLAN

DOCKET NOS. T-04190A -08-0030

DECISION NO. 70301

ORDER

Open Meeting
April 8 and 9, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Qwest LD Corp. ("QLDC") is certificated to provide interexchange telecommunications service as a public service corporation in the State of Arizona.

2. On January 14, 2008, QLDC filed tariff revisions to increase QLDC's maximum monthly rate per line charge for the QLDC Choice Long Distance obsolete residential calling plan from \$2.00 to \$3.00:

Calling Plan	Current Maximum Monthly Rate Per Line	Proposed Maximum Monthly Rate Per Line
QLDC Choice Long Distance	\$2.00	\$3.00

Qwest LD Corp.
Arizona Tariff No. 2

3. The maximum monthly rates are related to the subject of a proceeding that resulted in a Settlement Agreement approved by Decision No. 67745 on April 11, 2005.

Staff and Qwest LD Corp., its parent, affiliated companies (which includes QCC) or their successors ("Qwest" or "the Company"), (the Parties") agreed to a settlement of the Complaint and Petition for Order to Show Cause Docket ("Docket") filed by Staff and currently pending before the Arizona Corporation Commission ("Commission"), in Docket No. T-04190A-04-0904 (hereinafter referred to as "the Staff Complaint"). The Staff Complaint alleges that Qwest LD Corp. was required to file tariff and/or price list revisions with the Commission prior to implementing a \$2.99 surcharge as part of its Qwest Choice Long Distance calling plan, which applies to both interstate and intrastate long distance calls made by Arizona customers. The terms and conditions of the Settlement Agreement were intended to resolve all of the issues associated with Qwest's implementation of the \$2.99 surcharge as part of its Qwest Choice Long Distance calling plans as set forth in the Staff Complaint.

4. In the Settlement Agreement, Qwest acknowledged and agreed to accept on an interim basis, without prejudice, and until further Order of the Commission or until the conclusion of the Generic Docket¹, the Staff's interpretation of the Arizona statutes and rules regarding tariffing of monthly recurring charges for long distance plans which are applicable to both interstate and intrastate calls. The Generic Docket was required as part of the Settlement Agreement.

5. On December 19, 2006, Staff filed its report in the Generic Docket. In its report, Staff recommended:

"...that QLDC be given the option of (1) listings all long distance rates and charges within its Arizona intrastate tariffs or (2) denoting within its Arizona intrastate tariffs those charges and rates which are listed in QLDC's interstate tariffs."

"...that QLDC be given 90 days to modify its Arizona intrastate tariffs accordingly."

"...that all intrastate long distance providers comply with the above Staff interpretation of tariffing rules and statutes. Intrastate long distance providers should be given 90 days to modify their Arizona intrastate tariffs accordingly, if necessary."

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¹ In The Matter Of The Generic Investigation Of Tariffing And Notice Requirements For Combined Interstate And Intrastate Calling Plans, Docket No. RT-00000J-05-0329

1 6. A decision has not been issued in the Generic Docket. Until such time as the
2 Commission makes a determination in the Generic Docket, the provisions of the Settlement
3 Agreement continue to apply.

4 7. Since QLDC proposes to increase the maximum monthly rate for a component of a
5 service that has been classified as competitive under the Commission's Competitive
6 Telecommunications Service Rules, Arizona Administrative Code Rule ("A.A.C.") R14-2-1110
7 applies to QLDC's proposal. QLDC provided the information required by A.A.C. R14-2-1110 to
8 allow Staff to determine the potential affects of approval of the filing.

9 8. The proposed rate increase contained in this filing is for a service that has been
10 classified as competitive by the Commission and is now subject to the Commission's Competitive
11 Telecommunications Services Rules. Under those rules, rates for competitive services are
12 generally not set according to rate of return regulation standards.

13 9. QLDC provided information in a confidential exhibit that indicated the Estimated
14 Potential Additional Revenues associated with this filing at end of year 2007 were less than
15 \$2,500,000². At end of year 2007, the customer base for these services was less than 200,000³
16 residence customers and declined by approximately 30 percent in 2007.

17 10. The revenue increase associated with the proposed maximum rates is less than 10%
18 of QLDC's 2006 intrastate revenues⁴. The revenue increase also supports interstate long distance
19 service as well as intrastate long distance services. Additionally, QLDC provided information
20 indicating that its proposed rates are comparable to those of competitor calling plans⁵.

21 11. Staff obtained information regarding QLDC's fair value rate base. Because of the
22 nature of the competitive market and other factors, a fair value analysis is not necessarily
23 representative of the company's operations. Therefore, while Staff considered the fair value rate
24 base information of QLDC, it did not accord that information substantial weight in its analysis of
25 this matter.

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27 ² Actual information was been provided to Staff as Confidential; revised February 22, 2008.

28 ³ *Id.*

⁴ Qwest LD Corp. 2006 Annual Report, April 15, 2007.

⁵ e.g., AT&T - \$2.00, \$2.95, \$7.95, \$32.99; Cox - \$3.95, \$25.00; Embarq - \$5.95, \$6.95.

12. Staff notes that QLDC did not file changes to the current rates corresponding to the maximum proposed rates, as are required by A.A.C. R14-2-1109(B). QLDC, therefore, is not increasing the current or actual prices at this time but, rather, plans at some future time to file for such increases. This filing will not have immediate impact on the prices paid by residence customers. At a time when QLDC does propose raising its current or actual rates, QLDC must file such changes consistent with the requirements of A.A.C. R14-2-1109(B).

13. Staff has recommended approval of this filing.

14. In its filing QLDC provided evidence that it has provided notice to its customers. Because Staff believes that the Company did not comply with the Commission's public notice requirements, Staff recommends that QLDC re-notice customers in a manner and form consistent with Commission requirements

CONCLUSIONS OF LAW

1. Qwest LD Corp. is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Qwest LD Corp. and over the subject matter of this Application.

3. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated March 25, 2008 concludes the tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that the tariff filing be and hereby is approved.

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1 IT IS FURTHER ORDERED that Qwest LD Corp. re-notice customers in a manner and
2 form consistent with Commission requirements.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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7 *Lawrence J. Ellison*
CHAIRMAN

COMMISSIONER

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10 *Jeffrey M. Hatch-Driller*
COMMISSIONER

COMMISSIONER

Gary J. Stein
COMMISSIONER

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12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 24th day of April, 2008.

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17 *Brian C. McNeil*
BRIAN C. McNEIL
Executive Director

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19 DISSENT: *William H. McNeil*

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21 DISSENT: *R. V. G.*

22 EGJ:CLA:AFF:lm\MAS
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1 SERVICE LIST FOR: QWEST LD CORP.
2 DOCKET NO. T-0419A-08-0030

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